

## Message Text

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12

ORIGIN TRSE-00

INFO OCT-01 AF-06 ARA-10 EA-09 NEA-10 ISO-00 EB-07 EUR-12

IO-10 SEC-01 STR-04 CIAE-00 DODE-00 PM-04 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15

FEA-01 AID-05 COME-00 FRB-01 XMB-04 OPIC-06 CIEP-02

LAB-04 SIL-01 OMB-01 CEA-01 ERDA-07 FPC-01 INT-05

SAM-01 OES-05 /171 R

TX-387

DRAFTED BY TREAS:AECLAPP:EAB

APPROVED BY EB/IFD/OIA:ECONSTABLE

TREAS:JAGRIFFIN

NEA/RA:KKOLB

EEA/EP:MHENDERSON

ARA/ECP:RSTERN

AF/EPS:ESEGALL

EUR/RPE:WCLARK

----- 117321

R 032247Z NOV 75

FM SECSTATE WASHDC

TO ALL OECD CAPITALS

AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY AMMAN

USINT BAGHDAD

AMEMBASSY BANGKOK

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

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AMEMBASSY BUENOS AIRES

AMEMBASSY CAIRO

AMEMBASSY CARACAS

AMCONSUL CURACAO  
AMEMBASSY DOHA  
AMCONSUL HONG KONG  
AMEMBASSY ISLAMABAD  
AMEMBASSY JAKARTA  
AMEMBASSY JIDDA  
AMEMBASSY KINGSTON  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY KUWAIT  
AMEMBASSY LAGOS  
AMEMBASSY LIMA  
AMEMBASSY MANAMA  
AMEMBASSY MANILA  
AMEMBASSY MEXICO  
AMEMBASSY MUSCAT  
AMEMBASSY NASSAU  
AMEMBASSY NEW DELHI  
AMEMBASSY PANAMA  
AMEMBASSY PORT OF SPAIN  
AMEMBASSY PRETORIA  
AMEMBASSY QUITO  
AMEMBASSY RABAT  
AMEMBASSY SANTIAGO  
AMEMBASSY SEOUL  
AMEMBASSY SINGAPORE  
AMEMBASSY TAIPEI  
AMEMBASSY TEHRAN  
AMEMBASSY TEL AVIV  
AMEMBASSY TUNIS

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E.O. 11652: N/A

TAGS: EINV

SUBJECT: INTERIM REPORT ON FOREIGN PORTFOLIO INVESTMENT  
IN THE U.S.  
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1. ON OCTOBER 28 TREASURY DEPT. SUBMITTED TO CONGRESS  
INTERIM REPORT CONTAINING PARTIAL INFORMATION FROM ITS  
STUDY OF FOREIGN PORTFOLIO INVESTMENT IN U.S. FOLLOW-  
ING IS TEXT OF PRESS RELEASE ISSUED BY TREASURY.

FOR RELEASE 11:00 A.M.  
TUESDAY, OCTOBER 28, 1975

SUBMISSION OF INTERIM REPORT TO THE CONGRESS ON FOREIGN

PORTFOLIO INVESTMENT IN THE UNITED STATES

THE TREASURY DEPARTMENT TODAY SUBMITTED AN INTERIM REPORT TO THE CONGRESS ON ITS STUDY OF FOREIGN PORTFOLIO INVESTMENT IN THE UNITED STATES. THE STUDY IS BEING CONDUCTED PURSUANT TO THE FOREIGN INVESTMENT STUDY ACT OF 1974 (P.L. 93-479), UNDER WHICH THE TREASURY AND COMMERCE DEPARTMENTS ARE DIRECTED 'TO CONDUCT A COMPREHENSIVE, OVERALL STUDY OF FOREIGN DIRECT AND PORTFOLIO INVESTMENT' IN THIS COUNTRY. THE ACT GIVES THE SECRETARY OF THE TREASURY RESPONSIBILITY FOR THAT PART OF THE STUDY

RELATING TO FOREIGN PORTFOLIO INVESTMENT WHILE THE SECRETARY OF COMMERCE IS TO COVER FOREIGN DIRECT INVESTMENT.

THE TERM 'FOREIGN PORTFOLIO INVESTMENT' GENERALLY REFERS TO FOREIGN INVESTMENTS IN U.S. SECURITIES THAT DO NOT INVOLVE ANY SIGNIFICANT INFLUENCE ON THE MANAGEMENT OF THE ENTERPRISE. THE DEFINITION USED FOR THE PURPOSE OF THIS STUDY COVERS INVESTMENTS IN THE UNITED STATES IN VOTING STOCKS INVOLVING LESS THAN 10 PERCENT OWNERSHIP BY THE FOREIGN INVESTOR, IN NON-VOTING STOCKS AND IN DEBT INSTRUMENTS WITH MATURITIES OF MORE THAN ONE YEAR BY PERSONS RESIDING IN FOREIGN COUNTRIES.

A MAJOR PART OF THE TREASURY STUDY IS THE COLLECTION OF STATISTICAL DATA ON FOREIGN PORTFOLIO INVESTMENT IN THIS COUNTRY. QUESTIONNAIRE FORMS WERE MAILED OUT EARLY THIS YEAR, AND MORE THAN 10,000 REPORTERS HAVE RESPONDED. THE INTERIM REPORT PRESENTS PARTIAL INFORMATION OBTAINED UNCLASSIFIED

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FROM THE FORMS THAT HAVE BEEN PROCESSED THUS FAR. SOME HIGHLIGHTS OF THESE FINDINGS ARE:

-- THE TOTAL VALUE OF FOREIGN PORTFOLIO INVESTMENT REPRESENTED BY THE REPORTS PROCESSED SO FAR WAS ABOUT DOLS 73 BILLION AS OF DECEMBER 31, 1974. TAKING ACCOUNT OF REPORTS NOT YET PROCESSED, THE TOTAL OF ALL FOREIGN PORTFOLIO INVESTMENT IN THE UNITED STATES AS OF END-1974 WAS PROBABLY ON THE ORDER OF DOLS 80-85 BILLION. THIS FIGURE IS SUBSTANTIALLY HIGHER THAN PREVIOUS ESTIMATES.

-- THE TOTAL WAS APPROXIMATELY EQUALLY DIVIDED AMONG CORPORATE STOCKS, PRIVATE DEBT INSTRUMENTS, AND U.S. GOVERNMENT BONDS AND NOTES.

-- NEARLY ALL OF THE FOREIGN-HELD U.S. PRIVATE SECURI-

TIES WERE HELD BY FOREIGN PRIVATE HOLDERS WHILE

NEARLY ALL OF THE FOREIGN-HELD U.S. GOVERNMENT  
SECURITIES WERE HELD BY OFFICIAL INSTITUTIONS, E.G.,

CENTRAL BANKS.

-- RECORDED RESIDENCES OF FOREIGN PRIVATE HOLDERS OF  
U.S. SECURITIES WERE HEAVILY CONCENTRATED IN A FEW  
COUNTRIES. NINE COUNTRIES ACCOUNTED FOR NEARLY 90  
PERCENT OF THE TOTAL AND OVER HALF OF THE TOTAL  
WAS ACCOUNTED FOR BY SWITZERLAND, THE UNITED KINGDOM  
AND CANADA.

-- THE RECORDED HOLDINGS OF OIL EXPORTING COUNTRIES  
WERE RELATIVELY SMALL, WITH THE OPEC COUNTRIES AS A  
WHOLE ACCOUNTING FOR ABOUT 3 PERCENT OF THE TOTAL.

-- OVERTWO-THIRDS OF THE RECORDED FOREIGN PRIVATE  
HOLDINGS OF U.S. PRIVATE SECURITIES WAS HELD BY FOREIGN  
BANKS, BROKERS AND OTHER NOMINEES, MUCH OF WHICH WAS  
PRESUMABLY FOR THE ACCOUNT OF OTHER PERSONS AND INSTITU-  
TIONS.

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-- FOREIGN HOLDINGS OF PRIVATE U.S. SECURITIES WERE  
FAIRLY WELL DIVERSIFIED AMONG THE VARIOUS U.S. INDUSTRIES,  
PARTICULARLY IN THE CASE OF STOCKS.

THE TREASURY HAS ALSO BEEN ENGAGED IN A COMPREHENSIVE  
RESEARCH PROGRAM ON A NUMBER OF INSTITUTIONAL, ECONOMIC,  
AND LEGAL ASPECTS OF FOREIGN PORTFOLIO INVESTMENT AS  
REQUIRED BY THE ACT. THIS REPORT INCLUDES PRELIMINARY  
INFORMATION FROM RESEARCH ON THE MOTIVATIONS OF FOREIGN  
PORTFOLIO INVESTORS, FACTORS IN THEIR DECISION-MAKING  
WITH RESPECT TO INVESTMENTS HERE, THE CHANNELS THEY USE,  
AND THE INFLUENCE OF U.S. AND FOREIGN LAWS ON THEIR  
ACTIVITIES. PRELIMINARY COMMENTS ON THE ADEQUACY OF  
CURRENT REPORTING REQUIREMENTS ARE ALSO INCLUDED.

THE REPORT NOTES THAT THE STUDY IS NOT YET COMPLETED  
AND CAUTIONS AGAINST DRAWING CONCLUSIONS ON THE BASIS  
OF PARTIAL INFORMATION. THE CONCLUSIONS AND RECOMMENDA-  
TIONS OF THE TREASURY DEPARTMENT WILL BE SUBMITTED IN  
THE FINAL REPORT IN APRIL, 1976.

2. COPIES OF INTERIM REPORT WILL BE POUCHED TO ALL ADD-  
RESSEES. WOULD APPRECIATE ANY COMMENTS POSTS MAY HAVE ON  
CONTENTS OF REPORT, PARTICULARLY REGARDING PORTFOLIO

INVESTMENTS BY RESIDENTS OF THEIR HOST COUNTRIES. KISSINGER

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN INVESTMENTS  
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**Copy:** SINGLE  
**Draft Date:** 03 NOV 1975  
**Decaption Date:** 01 JAN 1960  
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**Review Authority:** ElyME  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 05 NOV 2003  
**Review Event:**  
**Review Exemptions:** n/a  
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**Review Transfer Date:**  
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**Status:** NATIVE  
**Subject:** INTERIM REPORT ON FOREIGN PORTFOLIO INVESTMENT IN THE U.S.  
**TAGS:** EINV, US  
**To:** OECD POSTS MULTIPLE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006